

## § 3212.16

years (120 months, whether consecutive or not).

(2) For leases issued before August 8, 2005, for which no election is made under § 3200.7(a)(2), and for leases issued in response to applications pending on August 8, 2005, for which no election is made under § 3200.8(b)(1), your lease will remain in effect if, during the period in which there is no production you:

(i) Continue to make minimum royalty payments as specified in § 3211.21(b) of this part;

(ii) Maintain a well capable of production in commercial quantities;

(iii) Continue to make diligent efforts to utilize the geothermal resource; and

(iv) Satisfy any other applicable requirements.

(b) The Secretary:

(1) Requires or causes the cessation of production; or

(2) Determines that the cessation in production is required or otherwise caused by:

(i) The Secretary of the Air Force, Army, or Navy;

(ii) A state or a political subdivision of a state; or

(iii) Force majeure.

(c) The discontinuance of production is caused by the performance of maintenance necessary to maintain operations. Such maintenance is considered a production activity, not a cessation of production, and maintenance may include activities such as overhauling your power plant, re-drilling or re-working wells that are critical to plant operation, or repairing and improving gathering systems or transmission lines, that necessitate the discontinuation of production. You must obtain BLM approval by submitting a Geothermal Sundry Notice if the activity will require more than one calendar month, for it to be classified as maintenance under this paragraph. The BLM must receive the Geothermal Sundry Notice before the end of the first calendar month in which there will be no production.

## 43 CFR Ch. II (10–1–08 Edition)

### § 3212.16 Can I apply to BLM to reduce, suspend, or waive the royalty or rental of my lease?

(a) You may apply for a suspension, reduction, or waiver of your rent or royalty for any lease or portion thereof. BLM may grant your request in the interest of conservation and to encourage the greatest ultimate recovery of geothermal resources, if we determine that:

(1) Granting the request is necessary to promote development; or

(2) You cannot successfully operate the lease under its current terms.

(b) BLM will not approve a rental or royalty reduction, suspension, or waiver unless all rental or royalty interest owners other than the United States accept a similar reduction, suspension, or waiver.

### § 3212.17 What information must I submit when I request that BLM suspend, reduce, or waive my royalty or rental?

(a) Your request for suspension, reduction, or waiver of the royalty or rental must include all information BLM needs to determine if the lease can be operated under its current terms, including:

(1) The type of reduction you seek;

(2) The serial number of your lease;

(3) The names and addresses of the lessee and operator;

(4) The location and status of wells;

(5) A summary of monthly production from your lease; and

(6) A detailed statement of expenses and costs.

(b) If you are applying for a royalty or rental reduction, suspension, or waiver, you must also provide to BLM a list of names of royalty and rental interest owners other than the United States, the amounts of royalties or payments out of production and rent paid to them, and every effort you have made to reduce these payments.

### § 3212.18 What are the production incentives for leases?

You will receive a production incentive in the form of a temporary 50 percent reduction in your royalties under MMS regulations at 30 CFR 218.307 if:

(a) Your lease was in effect prior to August 8, 2005;